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EDIC/M-8
Control No. 2145
18 April 1955

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 8th Meeting

10:00 - 12:15, 14 April 1955

PRESENT

25X1A9a [redacted] CIA, Acting Chairman
25X1A9a [redacted] CIA, Executive Secretary
[redacted] CIA
Lt. Col. Brown, OSD
Mr. Brice, ONI
Mr. Wood, G-2
Mr. Hamilton, AFOIN
Mr. Reiss, Commerce
Mr. Herman, Commerce
Miss Rado, State/OIR
Mrs. Young, State/ECD
Mr. Taft, State/MC
Miss Lincoln, FOA/MDAC
Miss Baldwin, FOA

A. SURVEILLANCE OF DECONTROLLED COMMODITIES

Discussion - The Acting Chairman referred to EDIC/AM-9, JOC Memorandum on "Surveillance of Decontrolled Commodities", distributed prior to the meeting, and to State messages on the subject (refs: Paris TOPOL 213, 27 August; Paris POLTO 295, 30 August). EDIC/AM-9 transmitted a memorandum from the Chairman of JOC covering a list of commodities to be placed under intelligence surveillance by EDIC. TOPOL 213 had suggested that required information could probably best be obtained through informal bilateral approaches to exporting countries or from COCOM statistical reports. POLTO 295 generally endorsed this Washington view.

25X1A9a The Acting Chairman declared that this EDIC discussion was exploratory in nature and not to be considered as leading to alternative action to that already recommended in TOPOL 213. He observed that if CIA undertakes to furnish intelligence on the subject, D/E/ST would have to assume the task as an added responsibility requiring a large expenditure of manhours. [redacted] suggested that such an intelligence approach would not meet the JOC requirement for statistical information of a quantitative nature since D/E/ST information is fragmentary and not necessarily representative of the universe.

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There was an extended discussion as to possible ways and means by which this information could be acquired, Miss Lincoln noting the importance attached to the project by the Chairman of the Executive Committee, both for use in COCOM and by the Dodge Council of data acquired. The Acting Chairman said that as a prerequisite, EDIC would require a statement from Commerce on how much relevant information could be obtained from export statistics available in that department.

Mr. Taft suggested both the possibilities of requesting an extension of normal reporting by commercial attaches to cover the JOC-listed items, and inquiry to the principal manufacturers or exporters of the items. The Department of Commerce has lists of such firms and the Department of Defense could provide similar information on the names of foreign manufacturers which held Defense contracts. The OIR representative agreed to check recent trade agreements for this purpose but felt that the TA's would not provide information in the detail required. Mr. Reiss reminded the members that the USDEL is awaiting advice from Washington on how to proceed and recommended that COCOM PC's should be requested to report on trade in the JOC-listed items. Miss Lincoln was of the opinion that the decision had already been made in Washington not to adopt the COCOM approach. She queried whether CIA could undertake a priority collection of this type information, but the Acting Chairman indicated this probably would not be possible in the sense of a general collection program for this purpose.

In the course of subsequent discussion on item (3) of the agenda, the Acting Chairman inquired whether any overall study had been made of Soviet bloc orders for decontrolled items. He questioned whether information could be obtained on all decontrolled items, while surveillance of List A items (EDIC/AM-9) was underway. In this context, Mr. Reiss remarked on the Soviet cancellation of an order placed in the UK for a decontrolled item. Miss Lincoln attributed this to balance of payments difficulties and to the propaganda advantage which the bloc had enjoyed through the original placing of the order. Mr. Herman cautioned that the placing and cancellation of orders in the West were deliberate moves by the Soviets in their constant battle against the export security lists. He warned that such Soviet cancellations must be kept in proper perspective, declaring that only one out of fifty-five items ordered had been cancelled. Mr. Herman suggested that UK trade statistics for 1954, available to his office, could be used as a starting point in attempting to assess the magnitude of Soviet orders for decontrolled items.

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Action - The Commerce member was asked to report at the next meeting on the availability of pertinent information in export statistics and to check on the principal exporting nations and individual manufacturers for the items in question. The OIR member was requested to determine the existence of such data in recent trade agreements. The Executive Secretary was instructed to inquire into the potential of the IR register and to work closely with Mr. Reiss in the matter of manufacturers and exporters. Members were asked to survey their respective agencies to determine whether sufficient information was available to warrant an overall study of Soviet bloc orders for all decontrolled items.

2. STATUS REPORT ON COLLECTION OF ECONOMIC DEFENSE INTELLIGENCE

25X1A9a Discussion - The Acting Chairman recalled that at the previous EDIC meeting, abolition of the Subgroup on East-West Trade Collection Requirements had been agreed upon. It was decided also that CIA collection of enforcement intelligence was the principal problem in this field. [redacted] reported that a statement aimed at improvement of CIA collection has been sent to the field. A set of current standing requirements has been prepared which will be distributed for EDIC comment. He reported also that MDAC is making a parallel coordinated approach on the collection problem, confined to Western Europe.

25X1C The Acting Chairman added that follow-up reporting on specific enforcement matters has been improved in CIA. There remains, however, the problem of getting higher priority for automatic collection of information vital to the enforcement program. He declared that special efforts had been made to brief CIA [redacted] on the needs of the economic defense program. The Acting Chairman explained, in response to an inquiry by the OSD member, that [redacted] is looked upon as a "court of last resort", a concept which has been accepted generally by the intelligence community. 25X1C

25X1A9a 25X1C Mr. Taft inquired whether any system could be devised by which State/MC could use [redacted] information (other than that cleared for DCN) without a check-back with CIA in each instance, a time-consuming process. [redacted] felt that this matter should be settled by State/MC and the appropriate CIA office since these arrangements are not the responsibility of ORR/CIA.

3. PATTERN OF SOVIET BLOC STRATEGIC EXPORTS TO THE WEST

25X1A9a Discussion - [redacted] called attention of members to Soviet bloc export of certain IL-I items and suggested the need for an examination at regular intervals of the pattern of Soviet bloc strategic exports. The D/E/ST operation has turned up examples of such exports but no systematic surveillance has been made, E/ST being primarily concerned with West-East movements.

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Miss Lincoln suggested that such an analysis would be very useful if placed within the framework of past OIR studies. Mr. Herman remarked that such token exports are an attempt by the Soviets to make the security export lists appear absurd, and emphasized the importance of assessing this export pattern.

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Action - It was agreed that [REDACTED] would furnish a list of such Soviet offers and/or exports which would be circulated in EDIC for comment and incorporation of additional examples. An EDIC list would then be furnished the Executive Committee with a request for that Committee's judgment on the utility of studying in greater detail the Soviet bloc export pattern.

4. PROPOSED EXCHANGE OF INFORMATION ON CHINA TRADE

Discussion - The Executive Secretary reported his conversation with Mr. Tilson on EDIC Case No. 4 - "French COCOM Delegate Proposal for Exchange of Information on China Trade". The possibility of cancelling this case had been discussed since no specific response to [REDACTED] of 14 February 1955 (which requested clarification of the [REDACTED] proposal) has been received by MDAC.

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Action - EDIC agreed that cancellation of the case should be deferred pending the possible discussion of this subject during [REDACTED] Washington visit. The Acting Chairman warned against the use [REDACTED] during these talks of [REDACTED] which had not been cleared by [REDACTED]. He agreed to discuss this with the EDAC Executive Committee.

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5. "BALANCE-SHEET" OF EDIC CAPABILITIES AND DEFICIENCIES

Discussion - At the previous EDIC meeting the Acting Chairman had "noted the possible need for a revision of EDIC terms of reference to reflect a changed situation." In opening the present discussion, he spoke of the confusion which existed in some quarters regarding the specific responsibilities of EDIC and requested members to comment.

The OSD member reported on a recent SD-MICC meeting where a Defense request for release of military intelligence on copper, required in current COCOM negotiations, had been rejected. In the course of that meeting the Chairman of SD-MICC declared that IWG (now EDIC) had been

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specifically charged with responsibility for the release of U.S. information to the USDEL Paris. An extended discussion followed on the release of "classified military information" for use in COCOM and EDIC's role therein. Mr. Taft suggested that members refer to his earlier statement on this subject (ref: IMG/M-47, item 2) and to EDAC D-48..

The Executive Secretary presented orally his "balance-sheet" of EDIC capabilities and deficiencies. He analyzed, under the several assigned activities in its Terms of Reference, the degree to which EDIC has succeeded in fulfilling its mission.

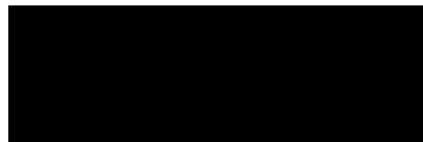
Action - The Executive Secretary was instructed to distribute his "balance-sheet" as background for discussion of the subject at the next EDIC meeting, while members were requested to be prepared at that time to speak on the functions and modus operandi of the EDIC.

6. OTHER INTELLIGENCE MATTERS

a) The Acting Chairman expressed the appreciation of the Committee for the contribution made by Mr. Taft since his assignment as the State/MC member on the IMG in July 1952. Mr. Taft has stimulated and strengthened the EDIC through his penetrating inquiry and his contribution of significant intelligence items in the field of munitions control. He will be succeeded as State/MC member by Mr. Charles D. Martin.

b) Attention of members is directed to the following correction in EDIC/M-7 of 6 April 1955: The second sentence of item (b) page 3 should read: "The Executive Secretary called attention to the FOA/MDAC list found in JOC Document No. 54 Supplement 2 of 19 January 1955."

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Distribution

Cat. B - (1, 2)
C - (23, 4)
D - (All)

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